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OF THE
HON. A. M. ROSS,

TREASURER OF THE PROVINCE OF ONTARIO,

DELIVERED ON THE 14th FEBRUARY, 1888.

IN THE
LEGISLATIVE ASSEMBLY OF ONTARIO,

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY.

TORONTO:
PRINTED BY WARWICK & SONS, 26 AND 28 FRONT STREET.
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FINANCIAL STATEMENT
OF THE
HON. A. M. ROSS.

LEGISLATIVE ASSEMBLY,
TORONTO, Tuesday, 14th February, 1888.

MR. SPEAKER :

In the presentation to the House by the Treasurer from year to year of the Financial Statement and Estimates, a settled order of procedure seems to have been adopted as the most appropriate and desirable under the circumstances, viz. : First laying before the House, what have been the receipts of the year, and comparing them with the estimated receipts of the previous year ; next reviewing the expenditure in the same manner, then presenting the balance sheet, or the position in which the Province finds itself at the close of the year, and finally giving to the House the proposed expenditure of the current year under the estimates, and also the means by which we propose to meet that expenditure. I shall follow on this occasion this settled order of procedure, and endeavour as briefly as possible to lay before the House a mere business statement of the financial operations of the past year and what our position is at the present time.

First then, I will take the receipts of the past year, and, in doing so, will make a few references as to the actual receipts as compared with what we estimated. By these means we are able to give to the public and to hon. members who do not wish to closely study the accounts themselves, a general idea of what the financial operations of the past year have been.

FINANCIAL STATEMENT OF

RECEIPTS, 1887.

SUBSIDY	\$1,116,872 80	
SPECIFIC GRANT	80,000 00	
		\$1,196,872 80
INTEREST ON CAPITAL HELD, AND DEBTS DUE BY THE DOMINION TO ONTARIO.....	\$279,111 10	
INTEREST ON INVESTMENTS.....	45,745 72	
		\$324,856 82
CROWN LANDS DEPARTMENT:—		
Crown Lands	\$72,193 20	
Clergy Lands.....	7,433 70	
Common School Lands.....	17,489 93	
Grammar School Lands.....	3,184 06	
Woods and Forests.....	990,855 43	
Casual Fees, etc.....	3,718 92	
In suspense	18,267 53	
		\$1,113,142 77
ALGOMA TAXES		15,247 60
LAW STAMPS.....		68,439 88
LICENSES		202,455 66
EDUCATION DEPARTMENT.....	\$22,072 59	
“ SCHOOL OF SCIENCE.....	2,735 00	
		24,807 59
PUBLIC INSTITUTIONS REVENUE:—		
Toronto Lunatic Asylum.....	\$35,253 28	
London “	7,549 19	
Hamilton “	2,116 55	
Kingston “	2,742 60	
Orillia “	1,843 30	
Mercer Reformatory.....	3,776 54	
Boys’ “	641 00	
Central Prison	29,919 38	
Institute for Deaf and Dumb.....	162 50	
		84,004 34
CASUAL REVENUE:—		
Secretary and Registrar’s Office.....	7,792 35	
Land Titles Office	3,322 25	
Fines	4,133 64	
Insurance Companies’ Fees.....	711 25	
Surrogate Court Fees.....	2,455 00	
Division “	5,247 84	
Gazette	7,755 78	
Private Bills.....	3,100 00	
Statutes... ..	474 75	
Incidentals.....	1,820 00	
Estreated Bail.....	450 00	
		37,262 86
INSURANCE COMPANIES’ ASSESSMENTS.....	2,966 51	
REMOVAL OF PATIENTS “	4,360 58	
		7,327 09
DRAINAGE WORKS ASSESSMENTS		23,794 37
MUNICIPAL LOAN FUND.....		25,000 00
ORDINARY RECEIPTS		\$3,123,211 68

DRAINAGE DEBENTURES.....	33,270 34
TILE DRAINAGE DEBENTURES.....	4,980 42
MIMICO LOTS— <i>re</i> MORTGAGE.....	200 00
ANNUITIES.....	242,626 92
NEW PARLIAMENT BUILDINGS' FUND—SALE OF LAND.....	122,211 57
SALE OF BONDS	320,423 60
	<hr/>
	<u>\$3,846,924 53</u>

It will be seen that in the item of interest on investments we have received \$5,000 more than we anticipated. Our estimate of revenue from Crown Lands was \$758,000. We have received \$1,113,142. Now, this excess of receipts over and above what we anticipated, is due to the results of the timber sale held during the fall of the past year. For that sale we received \$399,958, which, deducted from the total amount of receipts, leaves \$713,184, as what you may call the ordinary receipts from Crown Lands which we estimated to receive last year. As I said before, we estimated to receive \$758,000 ; our actual receipts, exclusive of the sale, were \$713,000, or some \$44,000 less than we had anticipated. In connection with that sale, I may say that I believe the Commissioner of Crown Lands is to be congratulated upon the success which attended it, and I am sure that all honourable members, no matter upon which side of the House they may sit, will regret that the Commissioner is not here to receive their congratulations in person. There may be differences of opinion amongst members of the House as to the time when, and the terms upon which our timber lands should be placed on the market, but I think the success of the sale is the best evidence of the wisdom shewn by the Commissioner both as regards time and terms. I dare say this sale may prompt again the cry which we have heard here before, that we are living on our capital. Well, Mr. Speaker, I can hardly conceive that that childish and puerile contention can again be raised, that the receipts from timber or land sales ought not to be expended by the Government, either in services for the benefit of the people or in permanent works, but that we should, as was contended, set aside all our territorial revenue to be invested for the benefit of posterity. Indeed, I think I might ask in this connection a pertinent, but not original question, "What has posterity done for us?" (Cheers and laughter). And I think also it might not be out of place to ask the question, how it is, that those gentlemen who champion the rights of posterity on the opposite side of the House, object to our

making use of the ordinary territorial revenues of the Province for the people of to-day, and for the purposes of building institutions for posterity's use, and yet see nothing objectionable in their friends elsewhere, by extravagance and folly, heaping up hundreds of millions of debt and leaving posterity to pay for it. (Applause.) Next in our receipts comes the item of Algoma Taxes. We estimated \$10,000; we have received \$15,247. This is the result of the legislation which was passed by this House the year before last, making provision for collection of these taxes and offering inducements for prompt payment. We have received during the two years under the operations of that Act the sum of \$28,390, much more than we have received in any years formerly under the operation of the Act as it was before.

For licenses, it will be seen that we have received \$202,455.56 against an estimate of \$192,000. I may state that this excess of receipts over what we estimated, is accounted for by the fact that some unsettled licenses in some cities were held over from 1886, and came into the revenue of 1887. Then from the Education Department we have received \$24,807 against what we estimated at \$38,000. This falling off will be understood by referring to Statement Number 7 in the Public Accounts, where it gives Educational Revenue. It will be seen that there has been a small increase in the receipts from Model Schools and Departmental Examinations, but there has been a falling off under the head of Superannuated Teachers, from \$18,095 in 1886 to \$1,489 in 1887, while our total expenditure in pensions to Superannuated Teachers is \$58,295. The Act of 1885 will, no doubt, ultimately close this account, but in the meantime for a number of years, the Province will be saddled with an expenditure of some \$50,000 to \$60,000 a year, with very small receipts. It must be borne in mind that this is a legacy left to the Government by honourable gentlemen opposite and an irresponsible Superintendent of Education. The next item in our receipts is Public Institutions Revenue, from which we have received \$84,004.34 against an estimate of \$98,250. We are short of our estimate to the amount of \$14,246. It is almost impossible to estimate from year to year the receipts from institutions, as very frequently accounts covering several years against the estates of lunatics come in together, the receipts due for two or three years' maintenance being paid in a lump sum in one year. Then, from Municipal Loan Fund Debt we have received \$25,000. It will be recollected that in 1886 I stated that a settlement was then in progress

with the Town of Cobourg as to the unsettled balance due from that municipality, which had been in the accounts of the Province for the past thirteen years. I stated at that time that a proposition had been made and partially accepted to issue new debentures to the amount of \$42,768 running for twenty years. That proposition was not consummated owing to the refusal of the Town Council to pass the necessary By-law. They contended, looking at the financial condition of the town, that the settlement was more onerous than they were able to meet, and the matter was left in abeyance until the close of last year, when they made an offer to the Government of \$25,000 cash, in full settlement of their liability. The Government agreed to accept that \$25,000 subject to the approval of the Legislature, and it is now in the estimates of receipts for the current year.

Mr. MEREDITH.—Was it paid?

Hon. Mr. Ross.—The money was paid and is now at the credit of the Province in the Bank. I may say that we have also agreed to a settlement with the City of St. Catharines for an unsettled balance due from that municipality. We have agreed to accept new debentures for \$4,850 to run five years, payable in yearly instalments bearing five per cent. interest. I had hoped that I should have had these debentures in hand before I made my financial statement, but I have reason to believe that they will be here in a few days.

Mr. MEREDITH.—What was the amount of the debt?

Hon. Mr. Ross.—The amount of the debt was some \$6,000 or \$7,000, but the Council objected to interest being charged upon coupons, or interest on interest. The Attorney-General thought the point was well taken, that interest upon interest could not be collected; therefore, their objection was allowed, they agreeing to give \$4,850 in full settlement, which we have agreed to accept, subject to the approval of the Legislature. When that amount is received, we will then forever have closed, I hope, all matters in connection with the Municipal Loan Fund indebtedness. (Hear, hear).

We have, therefore, as the total of our actual ordinary receipts during last year, the sum of \$3,123,211.68 against an estimate of \$2,788,125, or we have received \$355,086 more than we estimated. This, of course, as I mentioned before, is accounted for by the receipts from the land sale, amounting to \$399,958. Deducting these receipts, however, it shews that, taking the estimate of receipts in my last statement and the amount we

have received, we have received \$64,872 less than we estimated. Then we have certain receipts outside of our ordinary receipts which are given in the statement. First, Drainage Debentures, which are merely a re-investment of moneys that have been paid in by municipalities to whom loans have already been made, and applicable to further loans out of the fund. With regard to the item of annuities, \$242,626.92, there accrued during the year Railway Certificates to the amount of \$247,982. In renewal of these Railway Certificates, annuities to the amount of \$12,500 annually were issued, and tenders invited for their purchase. The annuities were allotted to the highest tenderer, viz., The Northern Insurance Company of England, the same Company which bought those of the year before, and at the same figure, viz., at a rate less than $4\frac{1}{4}$ per cent., that is to say, we have received \$1,925 for each \$100 of annuity. Then the next item in our receipts is that of new Parliament Buildings Fund, sale of land, \$122,211.57. It will be recollected that last Session I informed the House that under authority of the Act of 1880, tenders had been asked for the sale of a portion of the Asylum land set apart for the erection of these buildings; that that portion had been divided into three lots, and tenders invited; that for one lot we had accepted a tender of \$4,100 per acre. The tenders for the other blocks were declined, because they were not considered fair value for the land. In May last we again invited tenders for these two blocks, and accepted the highest tenders, viz., for block "B," at the rate of \$3,100 per acre, and for block "C," at the rate of \$3,000 per acre, block "B" containing in round figures twelve acres, and block "C" twenty acres.

We also received from the Grand Trunk Railway, for a strip of land 100 feet wide, which was reserved for railway purposes, and for which they agreed to pay at the same rate as the highest tenderer, the sum of \$8,420, viz., for 2.75 acres.

Mr. MEREDITH.—Who bought the land?

Hon. Mr. ROSS.—Block "B" was bought by the same party who bought block "A" before, Mr. A. P. Lee, of Toronto. For block "C" the highest offer was that of the Land Security Company, and it was allotted to them. The terms of sale were one-fourth down, and the balance on mortgage for five years, bearing five per cent. I considered it advisable as a matter of policy, also because the money was required for the erection of Parliament Buildings, to dispose of these mortgages, and as I succeeded in selling them at par, the transaction practically amounts to a cash sale.

I thought it better that the Government should not be holding mortgages of that kind and dealing with individuals. Where payments for releases might be coming in at inconvenient periods, it would involve a good deal of difficulty, and I thought it much better that the mortgagors should deal with private parties rather than with the Government. These were my reasons for selling the mortgages, and my doing so, as I said before, was equivalent to a cash sale of the land. I may say that one of the mortgages was not closed at the end of the year, and does not therefore appear in the receipts of 1887, but it will come into the receipts of the present year. You will recollect that the land set apart was eighty acres. The value placed upon it was \$2,000 an acre in 1880 at the time the Act was passed. We have sold fifty acres at an average price of \$3,377 per acre. I may say that the balance of the land set apart will not be placed in the market for some years, because it is required for brick-making at the Central Prison, that being one of the industries most conveniently carried on there; and, besides, a large quantity is required for the Parliament Buildings.

I may say that the total expenditure in connection with the Parliament Buildings during the year has been \$164,678.29, and the receipts from land and mortgages, \$122,211.57.

Then the last item in the receipts is sale of bonds. This was a sale of \$300,000 Dominion bonds, which the Government held as an investment. We sold these bonds, as was before stated in the House, at a rate of \$106 $\frac{1}{2}$, realizing \$320,423, or with accrued interest, \$323,041. The sale of these bonds was considered necessary at the time to provide the means required for the erection of Parliament Buildings, and also to meet the excess of expenditure which, you will recollect, I estimated would take place during the year over the amount anticipated. Had we been able at that time to foresee the successful land sale, the sale of these bonds need not have been made. The result of that sale was far beyond the anticipation of the Department, or of anybody else. In connection with that, I have some figures here which shew that the highest average amount per mile received in former sales was \$640, received in 1870, for merely one specially prized limit of twelve square miles, though taking general sales, the highest price received before was \$532 per mile in 1881, while the average amount received this year was \$2,258 per mile. I may say also that the cash payment made at this sale has been larger in proportion than at any other sale, i.e., a larger proportion of purchase money paid in cash; you may

say in round numbers \$400,000. I repeat, had we anticipated so successful a sale, the bonds need not have been sold. However, the money is in the bank on special deposit, and not a dollar has been used.

Mr. MEREDITH.—What rate of interest is it drawing?

Hon. Mr. ROSS.—Four per cent.

Our total receipts, then, including the bonds, have been \$3,846,924.53.

I come now to what our expenditure has been during the year, and I will make, as I proceed, one or two remarks in reference to the variations which have taken place between the estimated and actual expenditure.

EXPENDITURE, 1887.

Civil Government.....	\$189,289 57
Legislation	123,002 46
Administering Justice.....	324,495 09
Education	570,760 42
Public Institution Maintenance.....	650,744 62
Immigration.....	11,795 94
Agriculture	130,567 14
Hospitals.....	106,230 62
Repairs, etc.....	63,250 15
Public Buildings	234,782 69
Public Works.....	40,990 23
Colonization Roads	122,974 78
Crown Lands.....	94,538 80
Refunds	24,729 21
Statute Consolidation	27,759 27
Miscellaneous.....	148,802 97
Ordinary expenditure under Supply bill.....	\$2,864,713 96
Drainage Debentures (Municipal).....	16,366 39
Tile	13,800 00
Railway Aid Certificates	247,982 14
Annuity	45,950 00
Municipal Loan Fund	177 12
New Parliament Buildings	164,678 29
Land Improvement Fund (Special).....	704 53
Common School Lands.....	100,000 00
	<u>\$3,454,372 43</u>

For Civil Government we asked a vote of the House for \$191,765. We have expended \$189,289.57, or our expenditure for Civil Government has been \$2,475 less than the amount voted. For Legislation we asked \$123,600, and we have expended \$123,002, or less than the estimate by \$598. For Administration of Justice the vote was \$372,965. We have only used \$324,495, or there is

\$48,470 unexpended. The items which have been less than the estimate have been mainly Criminal Justice, where there has been an expenditure of \$20,880 less than the amount voted. For Constitutional Questions \$12,000 was asked. The expenditure has been very small, and the unexpended balance is \$10,643. Then the expenditure in connection with Thunder Bay District is \$6,741 less than the estimate. These are the main items of difference which go to make up the \$48,000 unexpended balance. Then for Education we asked \$575,258, and expended \$570,560, or \$4,498 less than the amount voted. For Public Institutions, again, we have an unexpended balance of \$10,362. There has been in connection with that expenditure an over expenditure only in regard to one Institution, that is, Hamilton Asylum, and that was caused by the expenditure rendered necessary by the fire at the close of the previous year. For Immigration we asked \$16,900. We have only expended \$11,796, or \$5,104 of that appropriation was unexpended. I may say that the expenditure in connection with Immigration is going down rapidly every year, and I believe in accordance with the public sentiment of the people of this Province. Just to show what the reduction has been, I might give you the figures for some years past: in 1883, our expenditure for Immigration was \$47,764; in 1884, \$43,369; in 1885, \$19,088; in 1886, \$16,837; and in 1887, only \$11,795. That we propose still further to reduce during the present year.

Then for Agriculture we have an unexpended balance of \$9,319, and I am happy to say to hon. gentlemen opposite with regard to the Agricultural College (if any one has taken up the mantle of the ex-member for West Peterboro') that the expenditure, both for the College and Farm Departments have been less than the amounts voted to them. The College was voted \$19,815; we have only spent \$17,136, or a saving of \$2,700. For the Farm Department \$14,196 was voted; we have only spent \$12,471, leaving an unexpended balance of \$1,721. In connection with that branch hon. gentlemen will see in the Public Accounts an item of some \$415 at the debit of Creamery, which is represented by stock on hand. I may say that the Creamery Department in connection with the Agricultural College has been carried out during the past year, as in the year before, on a self-sustaining basis, and at the close of the year, after making up the accounts of the patrons, we found we had received over and above the amount paid monthly to them, \$404 as surplus to distribute amongst them. It perhaps may be

interesting to the House to know what was paid, and I will give the rates paid during the summer. I may say, for the information of those not posted in dairy matters, that the prices I am about to give represent the prices paid for cream necessary to make a pound of butter, collected at the farmer's door; the farmer therefore receives this price without the trouble of manufacturing or marketing. In May and June we paid 14c.; in July, 16c.; in August, September and October, 17c. After paying these figures, as I said before, we had at the close of the year \$404 to distribute amongst the patrons in proportion to the supply furnished.

Then the next item of expenditure is repairs and maintenance of Government and Departmental Buildings, for which we asked a vote of \$56,580. We expended \$63,250, an over-expenditure of \$6,670, and I suppose I need only repeat what has been said on former occasions, that that over-expenditure principally occurs in the maintenance of this Building, and also in regard to the expenditure for Government House. In regard to the latter, honourable members will readily understand that a change of incumbency necessarily causes some additions and alterations to furniture and furnishings, etc., which have to be provided for, and of which we can only form a general idea at the time of preparing the estimates. The over-expenditure in connection with the Parliament Buildings was \$2,479, and in connection with Government House, \$2,362, and as regards the former, I think the large amount necessary for the maintenance of this old building should satisfy even those who have been opposed to the erection of the new buildings, that as a matter of economy we ought to have them as soon as possible. (Hear, hear). Then for Public Buildings we asked a vote of \$313,334, we spent \$234,782, or there is unexpended of that vote \$78,552. The main items unexpended are Hamilton Asylum, in connection with the cottages there, in which there is an unexpended balance of \$35,982; Orillia Asylum, an unexpended balance of \$14,203, and in connection with repairs and alterations to the Education Department, to be proceeded with this year, \$12,446. For all these sums re-votes are asked in the present estimates.

In Public Works there is an unexpended balance of \$20,071, our expenditure being only \$40,990, against \$61,061 estimated for.

For Colonization Roads we asked \$117,550; our expenditure was \$122,974, or an over-expenditure of \$5,424 on that item.

For Charges on Crown Lands the vote was \$96,900; the expenditure was \$94,588, leaving an unexpended balance of \$2,362. For Refunds we were voted \$31,998; we expended \$24,729, leaving \$7,269 unexpended. For Statute Consolidation we were given \$33,650; we only spent \$27,759, leaving \$5,891 unexpended. For Miscellaneous we asked a vote of \$137,095, while we spent \$141,816, or an over-expenditure under Miscellaneous of \$4,721; that is exclusive of the \$50,000 vote for Unforeseen and Unprovided, which is carried out in the Public Accounts separately. This over-expenditure under Miscellaneous is mainly made up of the \$13,125 over-expended in connection with "The Canada Temperance Act." We asked for this service \$10,000, and expended \$24,525. Taking all these expenditures together, our total expenditure under the Supply Bill has been \$2,864,713.96; our estimated expenditure under the Supply Bill was \$3,085,771.96, or our expenditure under the Supply Bill for the year was \$221,058 less than the amount of the votes you placed at our disposal. (Hear, hear).

Let me now compare our ordinary receipts and our ordinary expenditures. Our ordinary receipts, as before stated, were \$3,123,211.68; our expenditure under the Supply Bill was \$2,864,713.96, or our ordinary receipts are in excess of our ordinary expenditure by \$258,497.72. (Cheers).

Mr. MEREDITH.—Do you call the receipts from the timber sale ordinary receipts?

Hon. Mr. ROSS.—It certainly is an ordinary receipt. It is a portion of the ordinary revenue, which fluctuates from year to year as more or less timber is sold or lumber cut, and certainly is not to be considered outside of the ordinary revenue.

Now, I say, let us examine and see how does this compare with our expectations? We estimated last year that our receipts would be \$2,788,125, and our estimated expenditure under the Supply Bill being \$3,085,771, we estimated that had all our appropriations been expended and all our expectations of receipts been realized, we would have an expenditure over receipts in the year of \$297,646. Instead of that, the receipts have exceeded our expectations by \$258,497, and our expenditure is below the amount voted by \$221,058, so that between the excess of receipts and reduction of expenditure, we are \$556,143 better than we anticipated when I made my last statement. But as was said by the Honourable Leader of

the Opposition, "Oh, you have had a timber sale, and the proceeds of that are not ordinary receipts." Well, for the sake of argument we will deduct the amount of the timber sale, \$399,958, and we are still better than we anticipated by \$156,185. (Applause).

Mr. H. E. CLARKE.—Are the annuities ordinary receipts?

Hon. Mr. ROSS.—The annuities are not ordinary receipts, nor are the old certificates taken up by them ordinary expenditure, so the one meets the other. (Hear, hear).

But, as we have extraordinary receipts, we have also, outside of the estimates, extraordinary expenditures, and these are as given at the end of the statement in the hands of hon. gentlemen.

I may say that the \$100,000 was paid to the Province of Quebec on account of the amount we hold for them *re* Common School Fund.

Now let us see what the total results of the operations of the year have been, including both ordinary and extraordinary receipts, and ordinary and extraordinary expenditures. Our total disbursements have been \$3,454,372.43. Our total receipts, as before stated, have been \$3,846,924.53, but if we deduct from that the sale of bonds, \$320,423.60, we leave our total receipts, exclusive of the sale of bonds (which is merely a transfer of one investment to another) \$3,526,500.93, or exclusive of the sale of bonds, taking our ordinary and extraordinary receipts and our ordinary and extraordinary expenditures, the operations of the year shew a balance to the good of \$72,928.50. That, recollect, includes the expenditure for new Parliament Buildings, \$164,678, and the \$100,000 paid the Province of Quebec.

Coming now to the financial position of the Province at the close of the year, we will look at our assets and liabilities:

ASSETS OF THE PROVINCE.

1. DIRECT INVESTMENTS:

Dominion 6 per cent. Bonds.....	\$200,000 00	
Market value over par value.....	14,000 00	
		<hr/> \$214,000 00
Drainage 5 per cent. Debentures, invested		
31st December, 1885.....	198,703 19	
Tile Drainage 5 per cent Debentures, in-		
vested 31st December, 1885.....	51,039 22	
Drainage Works—Municipal Assessments..	245,784 00	
		<hr/> \$495,526 41
		<hr/> \$709,526 41

2. CAPITAL HELD AND DEBTS DUE BY THE DOMINION TO ONTARIO, BEARING INTEREST :—

U. C. Grammar School Fund, (2 Vict., Cap. 10).....	\$312,769 04
U. C. Building Fund, (18 Sect., Act, 1854).....	1,472,391 41
Land Improvement Fund, (See Award).....	124,685 18
Common School Fund, (Consol. Stats., Cap. 26)—proceeds realized to 1st July, 1867, \$1,520,959.24—after deducting Land Improvement Fund portion belonging to Ontario	891,201 74
Capital declared owing to the late Province of Canada by the Dominion Act (47 Vict., Cap. 4)—\$5,357,503.13, bearing interest at 5 per cent. Ontario's proportion on basis of Award as advised by Finance Department.....	2,848,289 52
Ontario's Share of Library, (See Award)	105,541 00

\$5,754,877 89

3. OTHER DEBTS DUE TO THE PROVINCE :—

Balance <i>re</i> Municipal Loan Fund Debts.....	4,850 00
" <i>re</i> Mortgage on Land at Orillia Asylum....	1,500 00
" <i>re</i> Mimico Lots.....	5,611 00

\$11,961 00

4. BANK BALANCES :—

Current Accounts.....	226,666 93
Special Deposits.....	346,579 75

\$573,246 68

Total.....\$7,049,611 98

LIABILITIES OF THE PROVINCE AT PRESENT PAYABLE.

1. Balance due to Municipalities <i>re</i> Surplus Distribution.....	\$1,291 34
2. Balance due to Municipalities <i>re</i> Land Improvement Fund, (balance of \$124,685.18, see Award).....	
Balance due for Interest on above	\$3,256 57
3. Quebec's Share of Common School Fund made up as follows :—	
Collections on account of Lands sold between 14th June, 1853, and 6th March, 1861.....	\$880,352 01
Less 6 per cent. cost of Management.....	52,821 12
	<hr/> \$827,530 89
Less one-quarter for Land Improvement Fund.....	206,882 72
	<hr/> \$620,648 17
Collections on sales made since 6th March, 1861.....	\$315,331 96
Less 6 per cent., cost of Management	18,919 92
	<hr/> \$296,412 04
	<hr/> \$917,060 21
Quebec's proportion according to population of 1881.....	\$379,711 38
Total	<hr/> \$384,259 29
Surplus of Assets after deducting Liabilities presently payable.....	<hr/> \$6,665,352 69

\$709,526 41

With regard to the items of Drainage Debentures and Drainage Assessments, \$495,526, it will be recollected that last year I stated it had come to my knowledge—in making an examination of the manner in which it would be practicable to carry out the provisions of the proposed Act for the reduction of interest on these loans—that although it was true that in some cases where reductions had been made to the municipalities the accountant had not made the corresponding reductions in the Drainage Investment Account, which, if done, would have the effect of reducing this asset. Yet, on the other hand, the equal annual instalments provided by the Drainage Assessment Act, had by the accountant been altogether credited as payments in reduction of principal, although the greater portion of these annual payments represent interest and should be credited to interest account. I stated that I thought these excessive credits to principal would fully equal the reductions which had been made, but not carried into the account. I found that to arrive accurately at the present value of these loans they would have to be recast from the beginning, and I am happy to say, having made thorough calculations in regard to every loan and every debenture that has been purchased, the amount stated now in our estimates is the accurate present value of the debentures now held, and the result is that it has added about \$17,000 to the amount that we had estimated before.

Coming now to the item of bank balances—current account \$226,666.93, and special deposits \$346,579.75—we have a total of \$573,246.68. If hon. gentlemen have my statement of last year in their hands, they will see that we had at that time cash in bank—Current account \$107,549, and special, \$87,295, or a total of \$194,845, while now we have \$573,246.68 at our credit in banks.

The House will have observed, from the Auditor's report which prefaces the volume of Public Accounts, that the Legislature is informed that a discrepancy was found to exist between the balance in banks, as shewn by the Accountant's Ledger balance in the Public Accounts, and the balances as they appear in the books of the banks; and that a thorough examination has taken place of the whole bank accounts from 1867 to the present time, resulting in the discovery of errors and omissions during that period affecting the balances to the amount of \$14,680. In further explanation of this, I may say that in 1885 it was brought to my notice that the bank balance appearing in the Accountant's ledger did not apparently

agree with the balances as shewn in the books of the several banks with which the Province does business. I found that, from 1877 to 1879, no accurate record had been kept in the Audit Department of the cheques issued, nor any systematic checking of the entries in the bank pass-books with the books in the Treasury Department by the Accountant. After the appointment of the present Auditor, Mr. Sproule, in 1879, a correct and continuous record of cheques issued was established, and the bank books checked with the same, but the balance with which this record commenced was taken from the Treasury Ledger, and that balance being inaccurate, the inaccuracy had thus been continued. When this condition of affairs was brought to my notice, I determined that an immediate and thorough examination must be made to locate the discrepancies, and I called in the services of Mr. W. F. Munro, an expert accountant, not connected with the Department or the Government, and set him at the work. It will be readily understood by those conversant with book-keeping and accounts, that a thorough examination of the whole banking transactions of the Government with eight or ten banks for a period of twenty years, involving the receipt and expenditure of upwards of fifty millions of money, was a work involving great time and labour. The difficulty of the work was aggravated by a faulty system of book-keeping inaugurated in the first years of the Province under Confederation. Mr. Munro proceeded with his examination, and presented his report and voluminous statements on July, 1886, showing discrepancies both in receipts and deposits. This report was submitted to Mr. Harris, the Accountant, for explanations. He denied *in toto* the accuracy of Mr. Munro's statement, and he was accordingly asked to give such explanations as he could, or shew where Mr. Munro's report was inaccurate. Mr. Harris asked expert assistance. As his accuracy as a book-keeper and accountant was involved in the result of this examination, his request was granted, and he was allowed to choose his own assistance. He called in Mr. Blakely, who proceeded, with Mr. Harris's assistance, to make a re-examination. Mr. Blakely submitted statements in December last, giving the result of his examination, which corroborated Mr. Munro's report as to some of the errors and omissions, and disagreed with him in regard to others. In the meantime, Mr. Sproule, the Auditor, had been preparing a complete record of all the cheques issued from 1867 to 1879, which, with that which had been kept from 1879 onwards, would form a complete record for the whole

period since Confederation. Upon the receipt of Mr. Blakely's report, it, together with Mr. Munro's, was then submitted to the Auditor for re-examination. This examination by the Auditor was only brought so far to completion on the 9th instant as to enable him to report definitely the amount of the existing discrepancy, which, as stated in his report, is \$14,680. Most of this is made up of book-keeping errors, but there is part of the difference which apparently seems to involve errors of a graver character. It appears that during the years 1875-6-7-8-9, cheques to the amount of \$5,883.11 are charged as paid by the banks which do not appear entered in the Treasury books, nor are the cheques found amongst the returned cheques on file in the Department. There are only two ways that may be suggested as accounting for this—either the banks have erroneously charged these amounts, or some one has fraudulently cashed unauthorized or forged cheques; circumstances lead me to the latter conclusion. First, the erroneous charges or cheques appear in connection with, not one bank, but with all the banks with which the Province did business, and run through the same years. Secondly, during the years in which these erroneous charges occur, the preparation and filling up of the cheques was done by an officer of the Department who was discharged from the service of the Government since that time for incorrectness in dealing with money matters entrusted to him.

Mr. Sproule's statement also shews that between 1872 and 1879, the total deposits are short of the receipts by \$2,213. These are not yet definitely located. Further examination which is now proceeding, I hope will shew that this discrepancy will be accounted for without imputing anything more serious to the officer responsible than careless inaccuracy. I should have preferred that these latter discrepancies should have been definitely located before reporting to the House, but as before stated, the Auditor was only able to report definitely the amount of the discrepancy on the 9th inst., and having discovered the inaccuracy in the balance heretofore carried into the Public Accounts, both he and I considered it our duty at the earliest moment to bring this to the attention of the House, and place the true bank balances in the statement of assets, as I have now done.

Mr. MEREDITH.—Between what years did the hon. gentlemen say these wrong entries were made?

Hon. Mr. ROSS.—In 1875-6-7-8-9.

Mr. MEREDITH.—When was the officer discharged?

Hon Mr. Ross.—About three years ago. He is now in the service of the Dominion Government.

We have, therefore, according to the statement, and placing the bank balance correctly, assets to the value of \$7,049,611.98, and then we have liabilities of the Province presently payable (as per statement), \$384,259.29, deducting which from our assets shews a surplus of assets over liabilities of \$6,665,352.69. (Applause).

Before leaving this branch of the statement, it may be well in connection with Drainage loans, to which I have already referred, to mention that under the Act reducing the rate of interest from five per cent. to four per cent., I have caused calculations to be made in regard to every municipality, and every loan to a municipality, to see when the payments provided for by the by-laws in accordance with the Act will liquidate the loans respectively. It will be recollected that I explained this at the time. However, further explanation may now be desirable. I say I explained at the time, that as these by-laws provided that there was to be an equal annual payment made by the party who received the benefit of the loan, spread over a number of years, it would be almost impossible for the municipalities to give the individuals credit for the reduction of interest by reduction of the yearly payments still to be made. Any one familiar with accounts will see that it would involve actuarial calculations of the finest character, which the majority of municipal clerks would hardly be competent to undertake, and would lead to a great deal of irregularity. For instance, the municipal clerk would not know the amount at the credit of Sinking Fund on account of the payments already made, and so on, and the only way to do, therefore, was to allow the payments at the amount fixed by the by-law to continue, making re-calculations, taking interest and Sinking Fund into account, to see at what time these payments under the by-law, at the reduced rate of interest fixed, would liquidate the debt. Calculations are being made on that basis, and every municipality will receive notice of what further payments will be necessary to discharge their indebtedness.

Mr. GIBSON (Huron).—That would not apply in all cases.

Hon. Mr. Ross.—It will apply to all payments that have been made under these by-laws, because you will find that although, for instance, a municipality gives debentures with coupons attached, payable at a fixed

date, the by-law makes provision for equal annual payments by the parties assessed. They do not pay so much for principal and so much for interest, but supposing the debenture to be issued for fifteen years, their respective amounts will be apportioned in fifteen equal annual payments.

Mr. CLANCEY.—Are these five per cent. debentures valued according to that reduction?

Hon. Mr. ROSS.—Yes. Let me illustrate it in regard to those where there have been fixed coupons attached. They will continue to pay the full amount of the coupons hereafter, and the amount of the difference of one per cent. will be placed at the credit of Sinking Fund. Now take, on a basis of five per cent., a loan of \$100, say tile drainage. On a loan of \$100, the party borrowing would have to pay \$8 a year for twenty years; five per cent. for interest and three per cent. for Sinking Fund. Now, the calculation shows that under our four per cent. plan he will continue to pay \$8, but instead of making the full twenty payments, if he made his loan in 1880 he will only have to pay eighteen full payments, and \$7.68 upon the nineteenth; he gets credit, therefore, for one full payment and thirty-two cents. Then, taking a loan made in 1885, he will get credit for two full payments; he will only have to make seventeen full payments, and he will have a credit of sixty-six cents on the eighteenth, the last two being wiped out altogether. Thus you will see that not only do the municipalities get the full benefit of the reduction of interest, but it prevents the confusion which would arise if the municipal clerks would have to make the reduction each year.

I am sorry, Mr. Speaker, that I am not able at the present time to report any definite progress in connection with the settlement of the accounts between the Dominion and the Provinces. The absence of the Finance Minister and Deputy Finance Minister in England immediately after the close of the session of the Dominion House (and afterwards their engagements in connection with the Fisheries question), has prevented an opportunity of getting these officers to take up these questions at all, but though no definite settlement has been made, and no meeting has taken place, yet we are not without having made some progress towards a settlement. We are in the way of removing some of the difficulties. One of the difficulties was the interpretation of the Award in connection with the Upper Canada Land Improvement Fund, a question in which all the municipalities (at least a very large number of them) are interested, and I may be permitted,

and perhaps excused, in going over to some extent, explanations which I have given before, because repeated explanations in connection with this subject, I think, will be of public benefit, and will relieve the Department of a very great deal of correspondence. I say one of the difficulties between Ontario and Quebec is in connection with the Upper Canada Improvement Fund upon Crown Lands. There is no difference as regards the Common School Fund; that has been settled and municipalities paid, but in regard to the Land Improvement Fund on Crown lands, Quebec disputes the liability of the late Province of Canada. The position taken by Ontario is in possession of the House, through correspondence that has been published in connection with that matter. I need not go into the history of it, but I merely may premise that the fund was created by Order in Council in 1853, which provided that one-fourth of School lands and one-fifth of Crown Lands should be set apart as an Improvement Fund for the construction of roads, bridges, and local works, in counties and municipalities in which the lands were situated. These lands were sold under that regulation. The purchasers purchased under the idea that they would have the benefit of a portion of the money they paid for the land for opening up the country and the roads surrounding these lands. Payments were made to the municipalities from 1853 to 1861 by the old Province of Canada on account of this fund until, in 1861, an Order in Council was passed discontinuing them. Our contention is, that that Order in Council, although it put an end to the fund so far as future sales were concerned, had not put an end to the fund so far as sales that had already taken place were concerned, and that all collections on account of sales made prior to 1861, had to be treated as a trust fund for the benefit of the municipalities to the extent of the one-quarter and one-fifth set apart for these improvements. That is our position. At the time of the arbitration the Finance Department submitted to the arbitrators a statement shewing three items in connection with the Upper Canada Land Improvement Fund. First, the balance of \$5,119.08 unexpended, ——— collected and admitted to be unexpended; second, one-fourth of the Common School Fund, \$124,685.18, and third, one-fifth of the Crown Lands sold during the same period, and not paid to the municipalities, \$101,771.68, or in all, \$231,575.94. Now, Ontario contends, as I said before, that these lands were sold subject to this trust, and while, as I said, the rescinded Order in Council relieves the lands *afterwards* sold, it

still continues operative in regard to those sold before. We say that the Award provided that all this \$231,575 belonged to Ontario. Quebec disputes this, and it is upon the construction of the Award that the difference arises. The Award provided (under sec. 5) "that the following special or trust funds and the moneys thereby payable, including the several investments in respect of the same, shall be, and the same are hereby declared to be, the property of, and belong to the Province of Ontario for the purposes for which they were established." Then it goes on to recite the different funds. First, there is the Upper Canada Grammar School Fund, then the Upper Canada Building Fund, "The Upper Canada Municipalities Fund" and "The Upper Canada Improvement Fund." Now, the question to be decided is, what did The Upper Canada Improvement Fund then consist of? It will be noticed in this clause that the Award merely says that certain funds shall belong to Upper Canada. In no case does it state what the amount of the fund is. Now, Ontario contends that the Improvement Fund consists of the three amounts mentioned in the statement furnished by the Finance Department at Ottawa to the arbitrators, amounting, as I said before, to \$231,575, and including the amount for Crown Lands, \$101,771. Quebec says it only includes the \$5,119 and the \$124,000, but that it does not include the \$101,771, and the reason they admitted the \$124,000 is because the arbitrators, in dealing with the Common School Fund, which Quebec claimed to have an interest in, found it necessary that the fund should be divided in certain proportions between Quebec and Ontario, and therefore, in the clause affecting the Common School Fund, they declared that this \$124,000 should be first deducted from School lands, and the balance divided between Ontario and Quebec. Now, that is the only reason they had for naming the sum of \$124,000. Had it not been necessary to deal with it in connection with the Common School Fund no amount would have been named, and all the fund would have been dealt with in the same manner as other funds are dealt with in Section 5, viz., as a general trust fund, without stating any particular amount. These two branches of the Improvement Fund being exactly in the same position, set apart by the same Order in Council, provided for by the same Statute, under the same direction, to be applied to the same purpose, abolished by the same Order in Council, they stand upon exactly the same footing. As being a liability of the late Province of Canada, if they recognize one they cannot resist recognizing

the other. That is our contention. Well, it has been agreed to refer this matter to arbitration—an arbitration of Judges—and if we get this matter settled it will remove one of the difficulties that have been keeping us back in connection with the settlement of the accounts. I may say in connection with that fund, that the Province of Ontario, as a Province, has nothing to gain, but rather to lose by our contention, but the Government recognize the rights of the people of the municipalities, and feel bound to do everything possible to sustain their interests and see that they are protected. The reason I say this is, that if the amount of the Award is a liability against the late Province, Ontario will have to provide five-ninths, and Quebec the other four-ninths of the sum to be paid to the municipalities, so that as regards our Province, the Treasury will not gain, but the municipalities will. The Government will do all that is possible in the interest of the municipalities; they will employ eminent counsel to have the matter decided, and I may suggest to those connected with the municipalities, that it might be advisable to name an associate counsel in connection with the counsel appointed by the Government to represent the municipalities, so that there can be no question that the rights of the municipalities will be looked after; otherwise, if the Award is found to be against Ontario's contention, some of the municipalities might think that the Government had not done its full duty in connection with the Award. I do not think that any objection would be taken to the small expense that might be incurred in connection with this, and believe that counsel employed by the Government, would be glad to have associated with them counsel, who would see that the interests of the municipalities were fully protected.

Then again, another matter that has also to be referred to arbitration is the question of what interest Ontario is liable to pay in connection with the collections that we have made on account of Common School Fund. It will be recollected that the amount now held by Ontario embraces collections made from 1867 to the present time; that the Award of the arbitrators which directed that this fund was one in which Quebec had an interest, was not made until September, 1870; that that Award was repudiated by Quebec, and not confirmed by the Privy Council until 1878. The question then arises, from what date ought Ontario to pay interest to Quebec? It would hardly be reasonable that we should pay interest on a fund before the direction was made giving Quebec an interest in it, and

it has therefore been decided to leave the matter to arbitration. When we get these two questions settled, I think we shall have some of the main difficulties removed.

Mr. MEREDITH.—Are these the only questions Quebec raises?

Hon. Mr. ROSS.—There may be other questions, but these are the main questions on which there has been discussion. I may say that there is also a question in connection with the interest upon the Upper Canada Building Fund.

In coming, Mr. Speaker, to the proposed operations of the present year, the estimates distributed yesterday will have given the House information as to what we ask. A few references may not be out of place. For Civil Government you will see that we ask this year \$195,195 against \$191,765 last year, or we are asking \$3,430 more. It will be readily understood that there will be necessarily an increase of work going on from year to year, and also that old, valued and experienced officers will expect increases from time to time, and these cannot be avoided. Then for Legislation we ask \$122,050 against \$123,600 last year. For Administration of Justice we ask \$364,296 against \$372,965 in 1887, a reduction of \$8,430 upon that item. The principal reductions are in connection with Crown Counsel and Criminal Justice Expenditure. Then for Education we ask \$580,062 against \$575,258, an increase of \$4,600, \$3,000 of which is in connection with New and Poor Schools in the outlying districts, and \$1,500 in connection with High Schools. Then for Public Institutions we ask \$703,624 against \$661,106, or an increase of \$42,500. This increase is in connection with the completion and occupation of the new buildings at Hamilton and Orillia for the Insane and Idiotic. For several years we have always expressed the hope that every new building erected would be sufficient to meet the requirements of the Province for some years to come, but just as these buildings were completed, so would the necessity spring up for further accommodation, and that accommodation the Government feels itself bound as far as possible to provide. For Immigration we only ask \$7,700 against \$16,900, and I think, as I said before, that that reduction is quite in accordance with public sentiment. It will be seen that we propose to confine our operations this year only to the maintenance of our Liverpool or English Agency, and of our sheds in Toronto, and to providing for a limited amount of literature. For Agriculture we ask \$136,131 against \$139,886, or a reduction of \$3,755, and I may say that it will be noticed in the

Estimates that that reduction is mainly composed of a reduction in connection with the grant to the Agriculture and Arts Association, that portion applied to the Provincial Exhibition ; and while the Government have not come to a definite conclusion as to whether that Exhibition shall be continued or not, we have thought best not to provide for that amount, taking the sense of the House as to whether the Exhibition shall be continued this year or not. It will be recollected that when the discussion was up before, very strong objections were raised to the continuance of the Exhibition, and it was then urged, and urged very strongly, and with a very great deal of force—with a force that I thought myself was unanswerable—that at any rate for that year, as the Exhibition was to be held in the eastern part of the Province, it should not be interfered with. The Exhibition was held, and it was not a financial success.

Then with regard to Hospitals and Charities, there is an increase of \$7,155, that increase being necessitated by the increased work done under the Act. For Maintenance and Repairs of Government Building we ask \$62,976 against \$56,580 last year, an increase of \$6,396. Then for Public Buildings, we ask this year \$281,412 against \$313,334 in 1887, or a reduction of \$31,922, but of course the Supplementary Estimates may increase that when they come down. I may mention in connection with that, that it is rarely that the full amount of the vote taken for Public Buildings is expended, because it is impossible to foresee what progress the contractors may make in the work ; therefore it is necessary to ask what is required to complete the works, and if they are not finished during the year, such portion of the appropriation as is not taken up has to be re-voted.

I do not know that there are any other particular items in connection with the Estimates that it is necessary I should bring before the House, further than to say that for Statute Consolidation we ask a further sum of \$21,500 this year which it is estimated will complete that work. It may be interesting to the House to know what amount has been expended on that service up to the present time. The total expenditure has been \$47,765.29, and adding the \$21,500 which we ask this year, will bring up the total expense of consolidation this time to \$69,265.29. The costs in 1877 was \$73,787.47. In Miscellaneous, we only ask \$68,100 against \$137,095 asked and \$141,816 expended last year. The estimate of last year, of course, included the cost of a general election, which accounts for \$69,549. There are only two items in connection with Miscellaneous

which I think call for remark. One is the amount asked for enforcement of "The Canada Temperance Act," \$25,000. In 1887 we expended \$24,596 against the estimate of only \$11,400. We sometimes hear our temperance friends finding fault with the Government that we do not enforce the Temperance Act to our utmost ability, and that the Government are not doing their whole duty in that respect. I think, in refutation of that charge, (if it is seriously made), we can fairly point to our expenditure. I may say, that the enforcement of that Act, as regards its cost, is much more onerous upon the Government than upon the municipalities, and yet it is the people of the municipalities who, by their votes, bring the Act into operation, and it would seem reasonable that they themselves should bear the expense, but experience shews that the great bulk of the expense is borne by the Government and not by the municipalities. On the other hand, the municipalities are making direct profit out of it under the clause in the Order in Council passed by the Dominion Government, by which the fines are paid over to the County Treasurers. I think it is unfair to the Province, that the burden of enforcing that Act should have been thrown upon it, and that the Dominion Government should have so applied these fines that they are not available for the administration of the Act, but go to the municipalities, leaving the bulk of the expenditure to the Province. I will give the House some figures shewing what has been the result of the operation of that Act during the past year. The municipalities received in 1887, \$94,808; they were asked to contribute their proportion of the expenditure, two-thirds of which, payable by them under the Act, was \$44,563; deducting that from the \$94,808, leaves the municipalities, during last year, a clear profit of \$50,245, against a clear loss for expenditure by the Government of \$24,596, and no receipts to the Province.

Mr. MEREDITH.—The moral of that is, repeal the Scott Act.

Hon. Mr. ROSS.—No, the moral is, that hon. gentlemen opposite, and those who wish to see the responsibility fall where it ought, should see that their friends at Ottawa so amend the Order in Council, that the fines go into the general fund, and that the Province and the municipalities shall only be asked to provide for the difference. But it may be said, the municipalities lose revenue by the operation of the Act. So does the Province. Let us see what the loss of revenue will be. From a very close estimate made, based upon the amounts received before the Scott Act was

in operation, we find that the municipalities where it is in force have lost revenue to the extent of \$135,000, which, deducting the \$50,000 profit, leaves a net loss to the municipalities of \$84,755. The Government, on the other hand, paid directly in cash, \$24,596; we have lost in revenue \$124,000, or the Province's loss in connection with it has been \$148,596, against the municipalities' loss of \$84,755. Now, I would ask our temperance friends whether they do not think that these figures I have given, make out a strong case, shewing that the Dominion Government should be asked to amend the Order in Council and place the fines to the credit of the fund? Then, after that, let the responsibility be divided between the Province and municipalities to provide the difference.

There is another item in connection with Miscellaneous which I think it necessary to refer to. It will be noticed that in the item for "Insurance of Public Buildings," there is nothing carried out in the column for 1888. There are, no doubt, different opinions on this question, as to the policy of the Government insuring its buildings, scattered as they are over all parts of the Province, and the Province taking due care, by the appointment of watchmen and otherwise, to see to their safety. Some contend that it would be better for the Government to insure for themselves, and others that it would be safer to insure as individuals and companies do. It is a question of the balance of advantages. The experience of a large number of years is necessary to afford an accurate estimate in looking at what our revenue and our losses aggregate respectively, in considering this question of insurance or non-insurance; but when such question comes to an even balance, and there is thrown into the scale a new element, that of uncertainty as to recovery when a fire takes place; when the insurance companies refuse to pay the loss, the equilibrium is destroyed, and the balance lies in the direction of the Government carrying their own risks. Now, that is the position of this question at the present time. A fire occurred at London Asylum during this last fall. A portion of the main building described in the plan as "kitchen and laundry department," was destroyed by fire. It was supposed by the Government that that portion of the building had been covered by insurance from fire for the last fifteen years, ever since the Province began to insure, but when the valuation was made and the claims presented to the companies, all the companies, with the exception of two, disputed their liability, claiming that this portion of the building was not properly described as part of the main building, and

resisted payment. This building that was destroyed, was part of the original contract for the asylum, it was built as part of the main building, shewn in the plans as part of the main building, and the Government had been under the impression for the last fifteen years that it *was* part of the main building, and had paid the premium on that assumption ; and therefore the Government considered that these companies ought not to have taken advantage of a technicality (if a technicality it was) to refuse payment in this case. The two companies who have honourably paid, are the Hand-in-Hand and Queen City, and I consider it only due to these companies to acknowledge their honourable conduct. Now, therefore, the question seems to be, whether it is prudent for the Government to continue to pay premiums, if, when losses occur, technical objections are taken advantage of, and the losses not paid? Under the circumstances the Government have not asked for an appropriation. When the present policies expire the Government will then do their own insurance.

Now then, altogether we ask in our ordinary Estimates \$2,988,724.62. Then we have to expect certain expenditure outside of the Estimates. We will have during the year, Railway Certificates to the extent of \$247,982, and we will have Annuity Certificates, \$52,200, or you may say that our total anticipated expenditure in Estimates and outside of the Estimates, will be \$3,288,906.62. Now the next question is, how are we going to meet that proposed expenditure—the ways and means?—and this I will proceed to give in our estimated receipts which honourable gentlemen will find in the sheets they have in their hands.

ESTIMATED RECEIPTS, 1888.

SUBSIDY	\$1,196,872 80
INTEREST ON CAPITAL HELD AND DEBTS DUE BY THE DOMINION TO ONTARIO	\$279,111 10
INTEREST ON INVESTMENTS	40,000 00
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	319,111 10
CROWN LANDS DEPARTMENT :—	
Crown Lands	\$74,600 00
Clergy Lands	7,000 00
Common School Lands	16,000 00
Grammar School Lands	2,000 00
Woods and Forests	1,300,000 00
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	1,399,600 00

PUBLIC INSTITUTIONS :—

Toronto Lunatic Asylum	\$33,000 00	
London "	10,000 00	
Kingston "	4,000 00	
Hamilton "	5,000 00	
Orillia "	2,000 00	
Reformatory for Females	4,000 00	
" Boys	600 00	
Central Prison	65,000 00	
Deaf and Dumb Institute	200 00	
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		123,800 00.
EDUCATION DEPARTMENT	25,000 00	
CASUAL REVENUE	35,000 00	
LICENSES	195,000 00	
LAW STAMPS	66,000 00	
ALGOMA TAXES	5,000 00	
DRAINAGE ASSESSMENT	24,000 00	
MUNICIPAL LOAN FUND	4,850 00	
INSURANCE COMPANIES' ASSESSMENTS	3,000 00	
ASSESSMENT OF COUNTIES <i>re</i> REMOVAL OF LUNATICS	6,000 00	
		<hr/>
Total	\$3,403,233 90	

Mr. MEREDITH.—There is a large increase in the Central Prison estimate.

Hon. Mr. Ross.—Yes. That includes the revenue to be derived from the brick now in course of manufacture there, to be used for the Parliament Buildings.

It will be seen that for Algoma Taxes I have only estimated \$5,000, as we do not expect to receive this year so large an amount. The last year's unusually large collections were in consequence of the discount offered for prompt payment of arrears. Now, our total estimated ordinary receipts as given in the statement in the hands of Hon. Members, are \$3,403,242.20, and our total ordinary expenditure, \$2,988,724.52. It therefore appears that our anticipated receipts for next year, over and above the votes we ask, will leave us a surplus of \$414,518.38. But as we have additional receipts, so will we have additional capital expenditure; we will have an expenditure of \$247,982 again for Railway Certificates, and also the sum of \$52,200 for Annuity Certificates, in all \$300,182 outside of the estimates in the hands of members, and taking that from \$414,518, will leave us, after providing for these, \$114,336.38 over and above all. It will be noticed in this estimate of receipts that I have not taken credit for any proceeds of

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annuities. It will be recollected that when I introduced this scheme, I stated that the Government, if we ever had an increase of subsidy or other revenue, would pay the certificates off in cash, but at the same time we would take authority to replace these certificates as they fell due by the issue of new ones. I recollect that we had some ironical "hear, hears" from hon. gentlemen opposite, but even the unexpected sometimes happens, and we are going to pay the certificates this year without the issue of annuities, and after doing so, as I said, we will still have out of our estimated revenue for the coming year, a surplus of \$114,336 over and above all our expenditures, with the exception of the expenditure for Parliament Buildings, and to meet that expenditure we have, first, this \$114,336; next, the proceeds of the mortgage sold but not received last year, \$27,848; next we have cash in banks, \$573,246, less the proceeds of our bonds (which we do not propose to touch), \$320,423, or a balance of cash in banks of \$252,823 available. Putting these sums together we have \$395,007 available to meet the expenditure upon the new Parliament Buildings. It may be, however, that there will be additional sums required when the Supplementary Estimates come down, but I think, taking the experience of the last few years, we may calculate that the unexpended balance on Public Buildings will almost meet the amount that may be required under the Supplementary Estimates.

We have in these estimates, both of receipts and expenditures, not over-estimated our expected receipts or under-estimated our expenditures, and we hope that in 1888, as in 1886 and 1887, by the exercise of that care, economy, and prudence, which have been the governing principle of this administration, to be enabled, at the close of the year, to shew that the expenditure has been kept well within the amount voted, and that we have not been necessitated to take advantage to the full, of the sums which the generous confidence of the House has placed at our disposal.

Mr. Speaker, I think I may say that it has been my privilege to make what I think may be accepted as a very satisfactory statement as to the financial operations of the past year, and our prospects for the present, and with these remarks I beg to move that you do now leave the Chair.

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